for solutions to a problem of climate change and global warming, as the chairman of the Nuclear Energy Working Group here in the House, I just would remind everyone that we built our first 100 nuclear reactors in this country in less than 20 years; and we could build another 100 in the next 20 years if we really wanted to take a global leadership role on climate change, carbon reduction, pro-America, 5,000 jobs per plant. We can reprocess the spent fuel and turn it back into energy as they do in other countries, like Japan and France. All around the world they're looking back at us saying, Why does the United States not move towards nuclear power and nuclear energy? We need it from a competitiveness standpoint, from a jobs and economic standpoint, and to lead the world towards cleaner air. Nuclear is the way to go.

□ 1600

SPECIAL ORDERS

The SPEAKER pro tempore (Mrs. KIRKPATRICK of Arizona). Under the Speaker's announced policy of January 6, 2009, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. WOOLSEY) is recognized for 5 minutes.

(Ms. WOOLSEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

ENSURING A SOUND CREDIT SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Madam Speaker, last Sunday, Treasury Secretary Geithner and the President's economic adviser, Larry Summers, both Wall Street men, wrote an editorial laying out their case for financial regulatory reform, or at least that is what they called it. It fell far short of the mark.

They stated the basis of their proposal is the theory ''the financial system failed to perform its function as a reducer and redistributor of risk.'' Let me repeat that. Their fundamental principle is ''the financial system failed to perform its function as a reducer and redistributor of risk.'' They then advised the President to use that idea as the basis of what he proposes.

I beg to disagree. The purpose our financial system should be to assure sound credit. A financial system should be structured to promote responsible lending and responsible savings practices. We have seen the result of a financial system that lost its way and traveled down the road of high risk-taking with other people's money, a system with no boundaries, no accountability and inherently unstable.

Securitization and risk were at the heart of that failed system. Have we learned nothing? Securitization may spread out risk, but it does not spread out damage when it fails. We see that clearly enough today.

Who on Wall Street who led the charge on high risk-taking is suffering today? They are getting bonuses. I cannot say that for those Americans who are losing their jobs, their homes and their businesses.

Enshrining securitization and risk at the heart of their proposal is absolutely the wrong end of the road to be starting at. Securitization has nothing to do with sound credit. Securitization removes the connection between the lender and the borrower. It does nothing to assure sound credit, nor encourage savings and prudent lending. The lender sells the loan, and they are done. What does the lender care if the profit has been made? They don't.

We don't need more securitization, more credit default swaps, more derivatives and more obligations that are hedged so many times that no one can even find them.

The financial regulatory reforms the administration released this week do not restore prudent financial behavior. That is what is necessary to lead us out of this economic darkness. America needs a credit system that is safe and sound, not risky and not overleveraged.

Yesterday in The New York Times, and I will place this article in the RECORD, Joe Nocera said that if President Obama wants to create regulatory reform that will last for decades, he needs to do what Roosevelt did. ''He is going to have to make some bankers,'' and I would add security dealers, ''mad.''

But why are Mr. Geithner and Mr. Summers protecting Wall Street? To date, the executive branch has been barking about the too-big-to-fail institutions. But the best they have done is nip at the edges of real reform and fixing what is wrong. Did AIG teach us nothing? An institution that is too big to fail is too big to exist.

Wall Street's bailout taught banks exactly the wrong lesson. It taught them, be reckless. The U.S. Government will make sure you do not take a hit. Just keep your campaign contributions rolling our way.

Take a look at derivatives in their proposal. Why only regulate normal boring derivatives when the derivatives that got us here are the exotic ones that are being protected from regulation? Do we need yet another credit default swap debacle to teach us that every derivative needs to be regulated in a transparent way and over the counter? Didn't the President campaign on transparency? Isn't the best disinfectant sunshine? Let the sun shine too on the Federal Reserve.

Do you know that the Federal Reserve is responsible for regulating mortgage lending? But did the Federal Reserve act when the FBI warned in 2004 that the subprime mortgage fraud could become an epidemic? No. So if the FBI warned an epidemic was ahead on something that the Federal Reserve regulated and the Federal Reserve failed to act, what makes us think that they can actually regulate anything, and why should we give them more power, which the administration proposal does?

Many more questions need to be asked about financial regulatory reform. We should not rubber-stamp the administration's first idea. Our people want a sound credit system. We should ask for no less.

The first goal of our banking system, as opposed to a securities system, should be to create a safe and sound credit system, one that promotes responsible savings and lending practices. Prudent financial behavior by individuals and institutions should be its primary purpose. The administration's priorities tell me they plan a much larger role for higher-risk securities in whatever system they are envisioning, which to me threatens higher-risk behavior.

Banks traditionally have served as intermediaries between people who have money—depositors—and those who need money—borrowers. The banks' value-added was their ability to loan money sensibly and manage and collect the loans. Securitization broke down that system. The banks didn't much care about making sensible loans as long as they could sell them. The regulators didn't stay on top of it because they foolishly thought the banks had gotten the loans off their balance sheets and the chickens would not come home to roost.

[From The Washington Post, June 15, 2009]

A NEW FINANCIAL FOUNDATION

(By Timothy Geithner and Lawrence Summers)

Over the past two years, we have faced the most severe financial crisis since the Great Depression. The financial system failed to perform its function as a reducer and distributor of risk. Instead, it magnified risks, precipitating an economic contraction that has hurt families and businesses around the world.

We have taken extraordinary measures to help put America on a path to recovery. But it is not enough to simply repair the damage. The economic pain felt by ordinary Americans is a daily reminder that, even as we labor toward recovery, we must begin today to build the foundation for a stronger and safer system.

This current financial crisis had many causes. It had its roots in the global imbalance in saving and consumption, in the widespread use of poorly understood financial instruments, in shortsightedness and excessive leverage at financial institutions. But it was also the product of basic failures in financial supervision and regulation.

Our framework for financial regulation is riddled with gaps, weaknesses and jurisdictional overlaps, and suffers from an outdated conception of financial risk. In recent years, the pace of innovation in the financial sector has outstripped the pace of regulatory modernization, leaving entire markets and market participants largely unregulated.

That is why, this week—at the president's direction, and after months of consultation with Congress, regulators, business and consumer groups, academics and experts—the administration will put forward a plan to modernize financial regulation and supervision. The goal is to create a more stable regulatory regime that is flexible and effective; that is able to secure the benefits of financial innovation while guarding the system against its own excess.

In developing its proposals, the administration has focused on five key problems in our existing regulatory regime—problems that, we believe, played a direct role in producing or magnifying the current crisis.

First, existing regulation focuses on the safety and soundness of individual institutions but not the stability of the system as a whole. As a result, institutions were not required to maintain sufficient capital or liquidity to keep them safe in times of system-wide stress. In a world in which the troubles of a few large firms can put the entire system at risk, that approach is insufficient.

The administration's proposal will address that problem by raising capital and liquidity requirements for all institutions, with more stringent requirements for the largest and most interconnected firms. In addition, all large, interconnected firms whose failure could threaten the stability of the system will be subject to consolidated supervision by the Federal Reserve, and we will establish a council of regulators with broader coordinating responsibility across the financial system.

Second, the structure of the financial system has shifted, with dramatic growth in financial activity outside the traditional banking system, such as in the market for asset-backed securities. In theory, securitization should serve to reduce credit risk by spreading it more widely. But by breaking the direct link between borrowers and lenders, securitization led to an erosion of lending standards, resulting in a market failure that fed the housing boom and deepened the housing bust.

The administration's plan will impose robust reporting requirements on the issuers of asset-backed securities; reduce investors' and regulators' reliance on credit-rating agencies; and, perhaps most significant, require the originator, sponsor or broker of a securitization to retain a financial interest in its performance.

The plan also calls for harmonizing the regulation of futures and securities, and for more robust safeguards of payment and settlement systems and strong oversight of ''over the counter'' derivatives. All derivatives contracts will be subject to regulation, all derivatives dealers subject to supervision, and regulators will be empowered to enforce rules against manipulation and abuse.

Third, our current regulatory regime does not offer adequate protections to consumers and investors. Weak consumer protections against subprime mortgage lending bear significant responsibility for the financial crisis. The crisis, in turn, revealed the inadequacy of consumer protections across a wide range of financial products—from credit cards to annuities.

Building on the recent measures taken to fight predatory lending and unfair practices in the credit card industry, the administration will offer a stronger framework for consumer and investor protection across the board.

Fourth, the federal government does not have the tools it needs to contain and manage financial crises. Relying on the Federal Reserve's lending authority to avert the disorderly failure of nonbank financial firms, while essential in this crisis, is not an appropriate or effective solution in the long term.

To address this problem, we will establish a resolution mechanism that allows for the orderly resolution of any financial holding company whose failure might threaten the stability of the financial system. This authority will be available only in extraordinary circumstances, but it will help ensure that the government is no longer forced to choose between bailouts and financial collapse.

Fifth, and finally, we live in a globalized world, and the actions we take here at home—no matter how smart and sound—will have little effect if we fail to raise international standards along with our own. We will lead the effort to improve regulation and supervision around the world.

The discussion here presents only a brief preview of the administration's forthcoming proposals. Some people will say that this is not the time to debate the future of financial regulation, that this debate should wait until the crisis is fully behind us. Such critics misunderstand the nature of the challenges we face. Like all financial crises, the current crisis is a crisis of confidence and trust. Reassuring the American people that our financial system will be better controlled is critical to our economic recovery.

By restoring the public's trust in our financial system, the administration's reforms will allow the financial system to play its most important function: transforming the earnings and savings of workers into the loans that help families buy homes and cars, help parents send kids to college, and help entrepreneurs build their businesses. Now is the time to act.

[From the New York Times, June 18, 2009]

TALKING BUSINESS—ONLY A HINT OF ROOSEVELT IN FINANCIAL OVERHAUL

(By Joe Nocera)

Three quarters of a century ago, President Franklin Roosevelt earned the undying enmity of Wall Street when he used his enormous popularity to push through a series of radical regulatory reforms that completely changed the norms of the financial industry.

Wall Street hated the reforms, of course, but Roosevelt didn't care. Wall Street and the financial industry had engaged in practices they shouldn't have, and had helped lead the country into the Great Depression. Those practices had to be stopped. To the president, that's all that mattered.

On Wednesday, President Obama unveiled what he described as ''a sweeping overhaul of the financial regulatory system, a transformation on a scale not seen since the reforms that followed the Great Depression.''

In terms of the sheer number of proposals, outlined in an 88-page document the administration released on Tuesday, that is undoubtedly true. But in terms of the scope and breadth of the Obama plan—and more important, in terms of its overall effect on Wall Street's modus operandi—it's not even close to what Roosevelt accomplished during the Great Depression.

Rather, the Obama plan is little more than an attempt to stick some new regulatory fingers into a very leaky financial rather than rebuild the dam itself. Without question, the latter would be more difficult, more contentious and probably more expensive. But it would also have more lasting value.

On the surface, there was no area of the financial industry the plan didn't touch. ''I was impressed by the real estate it covered,'' said Daniel Alpert, the managing partner of Westwood Capital. The president's proposal addresses derivatives, mortgages, capital, and even, in the wake of the American International Group fiasco, insurance companies. Among other things, it would give new regulatory powers to the Federal Reserve, create a new agency to help protect consumers of financial products, and make derivative-trading more transparent. It would give the government the power to take over large bank holding companies or troubled investment banks—powers it doesn't have now—and would force banks to hold onto some of the mortgage-backed securities they create and sell to investors.

But it's what the plan doesn't do that is most notable.

Take, for instance, the handful of banks that are ''too big to fail''—and which, in some cases, the government has had to spend tens of billions of dollars propping up. In a recent speech in China, the former Federal Reserve chairman—and current Obama adviser—Paul Volcker called on the government to limit the functions of any financial institution, like the big banks, that will always be reliant on the taxpayer should they get into trouble. Why, for instance, should they be allowed to trade for their own account—reaping huge profits and bonuses if they succeed—if the government has to bail them out if they make big mistakes, Mr. Volcker asked.

Many experts, even at the Federal Reserve, think that the country should not allow banks to become too big to fail. Some of them suggest specific economic disincentives to prevent growing too big and requirements that would break them up before reaching that point.

Yet the Obama plan accepts the notion of ''too big to fail''—in the plan those institutions are labeled ''Tier 1 Financial Holding Companies''—and proposes to regulate them more ''robustly.'' The idea of creating either market incentives or regulation that would effectively make banking safe and boring—and push risk-taking to institutions that are not too big to fail—isn't even broached.

Or take derivatives. The Obama plan calls for plain vanilla derivatives to be traded on an exchange. But standard, plain vanilla derivatives are not what caused so much trouble for the world's financial system. Rather it was the so-called bespoke derivatives—customized, one-of-a-kind products that generated enormous profits for institutions like A.I.G. that created them, and, in the end, generated enormous damage to the financial system. For these derivatives, the Treasury Department merely wants to set up a clearinghouse so that their price and trading activity can be more readily seen. But it doesn't attempt to diminish the use of these bespoke derivatives.

''Derivatives should have to trade on an exchange in order to have lower capital requirements,'' said Ari Bergmann, a managing principal with Penso Capital Markets. Mr. Bergmann also thought that another way to restrict the bespoke derivatives would be to strip them of their exemption from the antigambling statutes. In a recent article in The Financial Times, George Soros, the financier, wrote that ''regulators ought to insist that derivatives be homogeneous, standardized and transparent.'' Under the Obama plan, however, customized derivatives will remain an important part of the financial system.

Everywhere you look in the plan, you see the same thing: additional regulation on the margin, but nothing that amounts to a true overhaul. The new bank supervisor, for instance, is really nothing more than two smaller agencies combined into one. The plans calls for new regulations aimed at the ratings agencies, but offers nothing that would suggest radical revamping.

The plan places enormous trust in the judgment of the Federal Reserve—trust that critics say has not really been borne out by its actions during the Internet and housing bubbles. Firms will have to put up a little more capital, and deal with a little more oversight, but once the financial crisis is over, it will, in all likelihood, be back to business as usual.

The regulatory structure erected by Roosevelt during the Great Depression—including the creation of the Securities and Exchange Commission, the establishment of serious banking oversight, the guaranteeing of bank deposits and the passage of the Glass-Steagall Act, which separated banking from investment banking—lasted six decades before they started to crumble in the 1990s. In retrospect, it would be hard to envision even the best-constructed regulation lasting more than that. If Mr. Obama hopes to create a regulatory environment that stands for another six decades, he is going to have to do what Roosevelt did once upon a time. He is going to have make some bankers mad.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

TRIBUTE TO U.S. ARMY SPECIALIST JARRETT GRIEMEL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. POE) is recognized for 5 minutes.

Mr. POE of Texas. Madam Speaker, the State of Texas lost a warrior this month in the Forward Operating Base Gardez in Afghanistan, a remote and desolate place in the middle of the badlands in this war zone. Army Specialist Jarrett Griemel died on Wednesday, June 9, 2009, from injuries he suffered in Afghanistan. He was just 20 years of age.

This is a photograph right here, Madam Speaker, of Specialist Griemel. Specialist Griemel is the 28th warrior to have died in Iraq or Afghanistan with connections to my Second Congressional District in Texas.

Jarrett was a young man who personified the best qualities of the young people in America today. Born in San Angelo, Texas, and raised in La Porte, Texas, Jarrett was living the life he had always made plans to live, that being a life filled with the achievement and adventure that he desired.

Jarrett was a patriot. He joined the Army his junior year in high school, and he had already completed basic training before graduating with honors from La Porte High School.

He was a member of the swim team and the surf club, and he loved the outdoors and especially the beach and water sports. Jarrett spent his spare time parachuting and cliff diving. Jarrett lived his life to the fullest.

In February of last year, Jarrett married his high school sweetheart, Candice, at a small ceremony in front of a justice of the peace. She joined him in Alaska, where he was deployed by the Army, to begin their young married lives together. Jarrett had a lifetime goal of eventually becoming a surgeon.

Jarrett was an athletic young man with bright red hair and an infectious smile. His brother Chase says he and Jarrett were typical adventurous boys growing up. They spent time in the woods catching snakes and bugs. He wanted to travel, see the world and live a life of excitement and adventure. And Jarrett did just that.

Jarrett was a petroleum supply specialist assigned to the 425th Brigade Special Troops Battalion, 4th Brigade combat Team (Airborne) of the 25th Infantry Division Battalion at Fort Richardson Alaska, home of the Arctic Warriors. The 3,500-soldier brigade is still in the midst of deploying in support of Operation Enduring Freedom in Afghanistan.

Madam Speaker, our American warriors live under the most grueling of conditions in Afghanistan. Jarrett's experience in the outdoors growing up would come in handy in the rugged and cursed terrain.

Having been to Afghanistan myself, I have witnessed how the hot desert sun is unrelenting as our soldiers patrol the dusty, rocky mountains and deserts. The only real relief from the heat is the freezing cold night in the desert, one harsh extreme to another.

Even in the ''desert of the sun and the valley of the gun,'' our troops are not deterred. The elements do not stop the best-trained, best-prepared, most-lethal military in the history of the world. The United States Army is on patrol in the mountains and cursed land of Afghanistan.

Our brave men and women in uniform are unequaled anywhere in the world. They are an all-volunteer force. They are educated, motivated, but they are tenacious. They bleed red, white, and blue. They meet and exceed any task our country sends them to accomplish with great skill and with great pride. They are America's backbone. Our heroes. The best of our Nation. Our amazing examples of the youth of this country.

Jarrett was a proud and accomplished soldier, and at just 20 years of age he was only 1 day from becoming a sergeant when he died in Afghanistan.

Texas is proud to have called him a soldier, a son, and a hero. He will always be remembered by his family, his friends, and a grateful Nation for his service. His love of country, excellence in achievement, and love of his family will be forever engraved on the hearts of every life he touched.

Jarrett's wife, Candice; his mother, Trena Dorsett, and her husband, Donnie, of La Porte, Texas; his father, Michael Griemel; his brothers, Chase, Jason, and Brandon; and his sister, Brianna, are all a living testimony to the memory of this one brave soldier's love of life, love of his country, and love of fellow citizens.

Madam Speaker, it has been said without the brave efforts of all the soldiers, sailors, airmen and marines and their families, this Nation would not stand so boldly, shine so brightly, or live so freely.

Madam Speaker, Jarrett Griemel was one of those soldiers. He was an American soldier, the rare breed who take care of the rest of us, and we will forever be indebted to him, his life, and his service to our Nation.

And that's just the way it is.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. SCHIFF) is recognized for 5 minutes.

(Mr. SCHIFF addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.

(Mr. JONES addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

DIFFERENCES BETWEEN DEMOCRAT AND REPUBLICAN ENERGY PLANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. OLSON) is recognized for 5 minutes.

Mr. OLSON. Madam Speaker, I rise today to discuss the differences between the Democrat and Republican energy plans.

As we move into summer, energy prices are creeping up, as they do each year, placing higher costs on those in our country who can least afford them. We need an energy plan that ensures a reliable, safe and affordable energy supply.

Democratic leaders in Washington have proposed a plan that would replace our present energy supply with unreliable and costly energy alternatives. The cornerstone of this plan would reduce carbon emissions through an aggressive cap-and-trade program. This program would set nationwide limits on greenhouse gas emissions and create a market-based trading program for companies to meet the cap. The goal of this plan is to force reductions in carbon emissions through government rationing of carbon credits for energy producers.

The nonpartisan Congressional Budget Office analysis of this plan concluded that the potential job loss in my home State of Texas alone by the year 2020 could go as high as 311,600. Let me say that again. Over 300,000 jobs lost in my State by 2020, resulting in a staggering loss in personal income of up to $22.8 billion. That cost is simply too high. It is not cap-and-trade; it is cap-and-tax.

My Republican colleagues and I believe we can still achieve an energy plan that keeps costs affordable, lowers emissions and grows energy jobs right here in America.

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I'm opposed to a plan that dramatically little increases the cost of energy